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[redacted]

10 September 1958

MEMORANDUM FOR: Assistant Director, Research and Reports

THROUGH: Chief, Economic Research Area

FROM: Chief, Services Division

SUBJECT: Need for Statistics on Sino-Soviet Bloc Foreign Trade as Provided by the Department of Commerce

1. PROBLEM:

To evaluate the relative suitability of new Soviet foreign trade statistics and trade data now provided by the joint CIA-ECA project at the Department of Commerce for the research requirements of OER foreign trade analysis.

2. ASSUMPTION:

That the intelligence research responsibilities of OER will be such that the requirements for relatively detailed value and commodity data on Sino-Soviet Bloc foreign trade will continue; that timeliness will be a critical element in this reporting.

3. FACTS BEARING ON THE PROBLEM:

The external research project, "Trade Between the Free World and the Sino-Soviet Bloc", contracted to the Department of Commerce, is jointly sponsored by CIA and ECA. It originated in 1952 and has been continued on an annual basis since then. The CIA share of this project for FY 59 is [redacted] 25X1A1a

Under the terms of the contract, statistical tables showing the trade of Free World countries with the Sino-Soviet Bloc, are compiled in two series; a value series and a country-by-commodity series. The value series is published bi-monthly; it shows the total monthly value of the exports and imports of each Free World country with each Bloc country. The country-by-commodity series, published semi-annually, is compiled from the official statistics of each country whose exports to or imports from the Soviet Bloc total $5 million or more. The average number of these countries is between forty-five and fifty.

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The official reports of western countries by volume and value are translated, arranged according to the Standard International Trade Classification and converted to U.S. dollars. Included in these series are total value summary tables for January-June and January-December and annual commodity summary tables.

Recently, in accord with the increasing tendency of the Bloc to release economic data, the USSR published a 15[illegible]-page handbook detailing its imports and exports by major commodities and by countries of receipt and origin. Although several of the European Satellites have also published handbooks of economic data, the information on foreign trade contained therein has been extremely fragmentary.

4. DISCUSSION:

Trade data to be genuinely useful for research must have the following characteristics:

a. Values expressed in a common currency.

b. Commodity trade presented in detail and in uniform commodity classifications.

c. The trade detail presented in the reporting of both trading partners.

d. Reported regularly and in timely fashion.

The foreign trade data developed by the Department of Commerce under the contract meet these criteria and are basic to all CIA research on East-West trade. Moreover, foreign trade research carried on by ICA, State, NSA, [redacted] also depends upon these data. These organizations and many others regularly receive the material resulting from the Department of Commerce project.

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Certain important specialized responsibilities in the field of trade research and analysis, ranging from analysis of Bloc economic activities in underdeveloped countries to the commodity trade analysis necessary to the determination of economic defense policy, have a continuing urgent requirement for the data furnished from this project.

The recently published Soviet foreign trade data do not in several respects meet the outlined criteria. In the first place, they represent trade of the USSR only (as far as trade

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with the Free World is concerned) and do not include similar data on trade of the rest of the Bloc with the Free World. Only very fragmentary aggregative data is published by the European Satellites and only gross totals are released by China. Secondly, the USSR data is not published in nearly as much commodity detail as that of the Commerce project. Large amounts of commodity trade are left in miscellaneous and residual entries. The trade in such important commodities as copper, uranium, and bauxite have either been omitted entirely, or have been concealed in more general categories. Thirdly, the Soviet material lags considerably behind the Commerce project reporting. The Soviet handbook, published in 1956, contains data no later than that for 1954. In contrast, the Commerce project is able to supply fairly complete commodity data within six to ten months after the close of a trade year. Finally, the Soviet handbook is subject to discrepancy and misinterpretation. For example, the USSR listed for 1955 almost $7 million of wool exported to the U.S.; no such imports, however, are listed in U.S. trade statistics.

The only other trade reporting of any real consequence is that provided by the United Nations. This publication, issued four times per year is fairly comprehensive, and is reported in uniform commodity classifications. The problem here lies in the fact that less than twenty-five countries report fully on their trade by country and commodity contrasted to the forty-five to fifty which are reported in the Commerce project.

Even though the USSR has recently published more detailed trade data than in the past, it is not expected that more comprehensive data will be published in the near future. For example, by resolution of the Council of Ministers of the USSR dated 28 April 1956, it is in violation of the criminal code to disclose information on:

> "The currency situation, information on the balance of payments, composite information on state reserves and local stocks of precious metals and gems for the whole of the USSR.

5. CONCLUSION:

The data compiled by the Department of Commerce under the terms of the joint CIA-ICA contract is unique among other reporting services and is basic and vital to priority intelligence research in CIA.

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6. RECOMMENDATION:

ORR should continue its financial support of the joint CIA-ICA project with the Department of Commerce.

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